

Op-Ed: Is water a common good or a convenience to quote on the stock market?

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This Wall Street move seeks to regulate its price or quotation against the needs of the near future, specifically in that state where water isn't readily available, regarding industrial and agricultural use. (Credit: Yaroslav Pavlov | Dreamstime.com)

The news story sounded like something out of an apocalyptic science fiction movie or a dystopian novel. At the beginning of December, and in the midst of a global pandemic, water began to trade on the stock exchange in the United States in the commodity futures market.

Chicago-based CME Group launched contracts back in September and began trading in Dec. 7. Water entered as any commodity, in a game of supply and

demand. Now investors will be able to bet, like in a casino, on the scarcity or abundance of water, in the future.

There are those who argue that, through free competition, the proper use and reuse of water will be encouraged.

Why is water now at the mercy of speculation in the Stock Market? Wildfires and drought in California have affected supplies. It is not a recent issue. California has had serious problems with its water supplies since the late 1970s.

This Wall Street move seeks to regulate its price or quotation against the needs of the near future, specifically in that state where water isn't readily available, regarding industrial and agricultural use. The new index is based on the prices of the main watersheds of California, but could eventually be used as a world reference.

Access to water has been negotiated informally since the early civilizations. Even in ancient times only the pharaohs, conquerors and priests had access to water. This made it a precious and exclusive resource. It was the Romans who democratized water with their aqueducts, offering it to the entire population, which led to better irrigation management for agriculture, economic activities and public health.

Throughout history, and up to the present, many countries have entered into agreements between concessionaires who have the right to use water and producers who need it to produce a good or service.

Bolivia, for example, faces water supply issues and severe droughts however it has improved its water management and reuse capacity through technology to provide it for economic and agricultural activity.

Water is essential to guarantee the survival of our ecosystems, the human race and sustain all life on the planet. It is a basic right as ratified by the United Nations General Assembly in 2010.

More than 40% of the planet's population faces serious problems of access to water. For this reason, in 2015, the United Nations made a universal call, through the development of the Sustainable Development Goals, to include access to clean and safe water as one of its objectives to balance environmental, social and economic sustainability for the future.

Climate scientists have warned that tensions are already rising over water shortages around the world. They could affect the livelihoods of 5 billion people worldwide by 2050. More recently, the Food and Agriculture Organization revealed in a report (November 2020) that 1.2 billion experience water stress and the amount of available freshwater resources per person had declined by more than 20%,

Our aquifers, wetlands and estuaries, among others, depend on water to provide the delicate balance in our habitats that allow the necessary adaptation to a vulnerable and changing climate. The drought of 2015 and Hurricane María are two recent examples in Puerto Rico.

Could water trade reach other financial markets? We do not know the answer. But if this happens, it opens a way to trade water at the level of gold, silver and oil and its affordability conditioned to market fluctuations.

Climate change, droughts, population growth could lead to water pricing a hot topic in the years to come. This, could manifest in a food and environmental crisis, at the very least.

On an island like Puerto Rico the situation would be catastrophic ecologically and economically. It will be a dystopian reality worthy of an apocalyptic sci-fi movie with its own water war.